Engine toll is heavy at Indy 500

By Roger Rowand
AUTOMOTIVE NEWS STAFF REPORTER

The echoes of powerful Indy 500 race engines had hardly faded over Speedway, Ind., when at least two broken powerplants were being flown back to their builders for diagnosis and repairs.

Those two were Chevrolet mills from the cars of Rick Mears, who finished 75 laps, and Danny Sullivan who finished 160 laps. The preliminary diagnosis on both engines was "massive lower end failure," which meant troubles in the crankcase area.

Mario Andretti's Chevy engine experienced failure of a component in its fuel metering unit after 180 laps of the 200-lap race. He was leading at the time. Andretti reported the problem caused extremely erratic fuel delivery. Chevy engines in cars driven by Kevin Cogan and Emerson Fittipaldi failed after oil pump castings cracked. Cogan completed 21 laps and Fittipaldi 131.

In the Chevy Indy engine, each of the eight cylinders has its own oil pump. A car driven by George Snider and powered by a stock-block Chevy engine, experienced a fire before completing a lap.

Honda powerplants were in two racers but neither had factory support, either technical or financial, Honda said.

Jeff MacPherson drove one of the Honda-powered cars to finish in eighth place with 182 laps. Geoff Brabham in the other finished 71 laps before pulling off the track when instruments indicated the engine was about to fail.

Later, it was determined the instruments were wrong and no failure was approaching.

There were four six-cylinder Buick engines in the race and none completed the Memorial Day classic.

One was in the racer driven by Rick Sneva, which crashed after 143 laps.

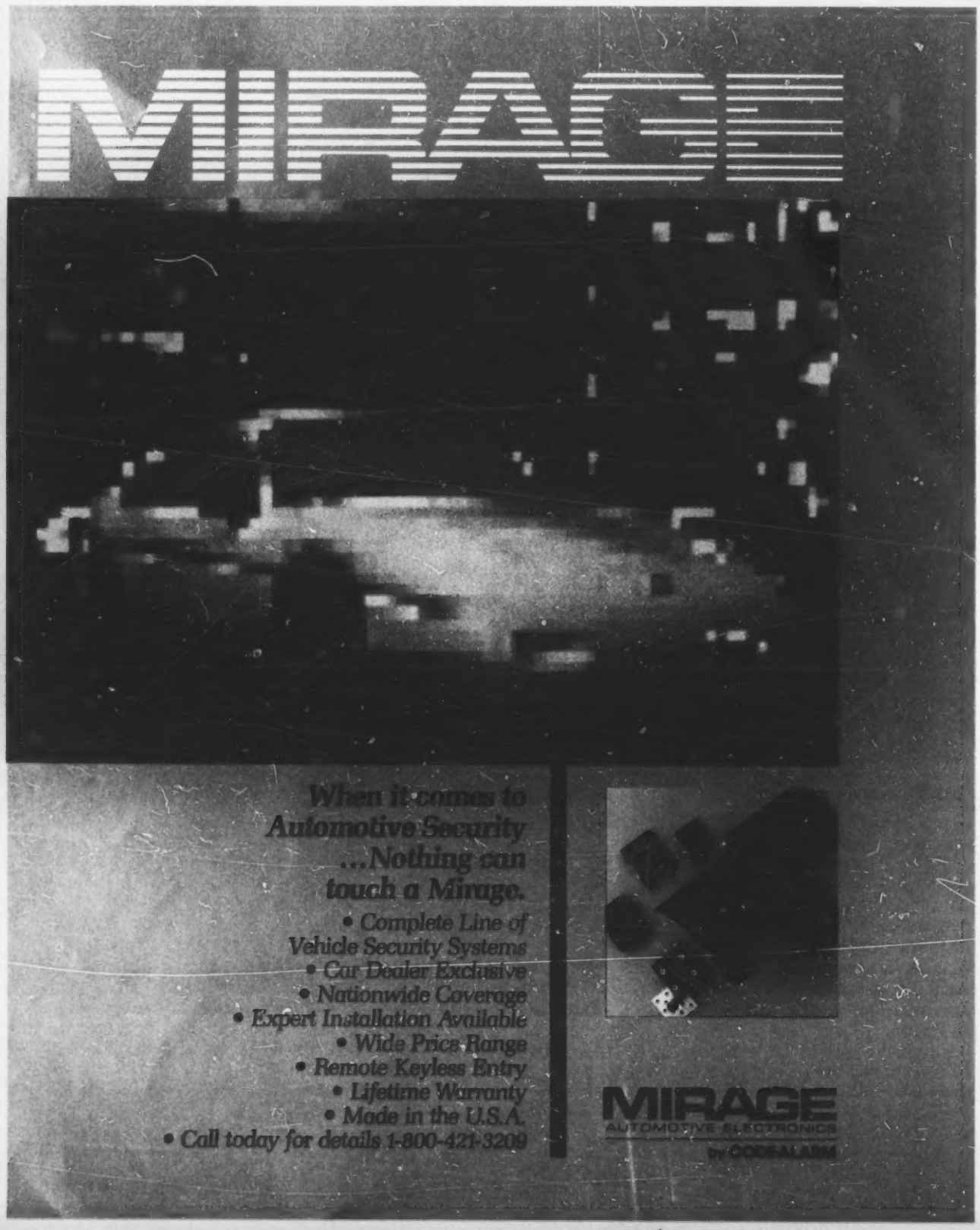
Gordon Johncock and Rich Vogler over-revved their Buick engines, valves broke and the cars were out of the race. Tachometers peg at 10,000 rpm and aren't built to take more than that, Buick engineers said.

Johncock said his over-revs came at 76 laps when the throttle stuck. Vogler's occurred on lap 109 when the tires suddenly lost their traction. Before the driver could hit the clutch, the damage had been done.

Derek Daly completed 132 laps with Buick power. Early in the race, one of his car's twin turbochargers stopped working. That caused an increase in pressure and rising heat and a piston cracked.

Al Unser Sr. won the race in a March-Cosworth. He finished 4.4 seconds ahead of Roberto Guerrero in another March-Cosworth. Unser averaged 162.175 mph.

Iacocca, Shelby share pace-car duties
Lee Iacoeca, left, Chrysler Corp. chairman, and Carroll Shelby, performance-car builder and former race driver, shared pace-car duties at the Indianapolis 500. Shelby drove the official pace car, a 1987 LeBaron convertible with a 2.2-liter intercooled turbocharged engine. Iacocca rode in the LeBaron convertible that was the first parade car.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Sales dip 15% for May 11-20

By Roger Rowand
AUTOMOTIVE NEWS STAFF REPORTER

Sales of new cars built in the United States fell sharply from the year-earlier total in mid-May.

Retail deliveries for the May 11-20 period tumbled to 221,127 units, down 15.50 percent from 261,680 last year.

The fall occurred despite widespread sales incentive plans. At the same time, there were reports of mounting buyer and seller disenchantment with those plans. The plans are being called too complex, confusing and stale.

American Motors reported that mid-May sales fell 58.18 percent from last year. General Motors said sales dropped 30.05 percent, and Volkswagen said sales were down 19.68 percent. Chrysler Motors' sales were off 14.20 percent.

Nissan reported that it sold 22 times as many cars this year as it did last year. Nissan's U.S. car assembly line was down for model changeover at this time last year.

Honda said its sales were up 71.44 percent in mid-May, and Ford Motor Co.'s sales increased 6.75 percent. Toyota sold 1,259 cars; it was not building cars in the United States last May.

There were nine selling days in mid-May this year and eight last year.

The domestic industry's daily-selling rate in the period averaged 24,570 units, up 30.06 percent from 18,891 in the first 10 days of May. In mid-May last year, the daily selling rate was 32,710.

DOMESTIC SALES

	May.11-20, 1987	May.11-20, 1986
Renault		
Alliance-Encore	455†	1,275†
AMC	145†	160†
American Motors	600	1,435
Chrysler	6,212	9,750
Plymouth	9,359	11,306
Dodge	11,269	12,557
Chrysler Motors	26,840	33,613
Ford	43,796	43,422
Mercury	15,162	13,073
Lincoln	6,026	4,380
Ford Motor Co.	64,984	60,875
Buick	13,673	22,618
Cadillac	9,304	8,788
Chevrolet	45,489	56,370
Oldsmobile	21,598	46,006
Pontiac	21,455	25,655
General Motors	111,519	159,437
Volkswagen	2,114	2,632
Honda	5,865	3,421
Nissan	5,946	267
Toyota	1,259	0
U.S. Industry Total	221,127	261,680

†—Estimate

AUCTION DATES

American Motors

June 2 — D-A Auto Auction, New Stanton, Pa.

June 3 — Minneapolis Auto Auction, Plymouth, Minn.

June 4 — Corry Auto Auction, Corry, Pa., and Greater Chicago Auto Auction, Chicago

June 5 — St. Louis Auto Auction, Bridgeton, Mo.

Chrysler Corp.

June 2 — Flordia Auto Auction of Orlando, Ocoee, Fla.; Aptco Auto Auction, Taylor, Mich.; NuCarPrep System, Santa Fe Springs, Calif.; Hatfield Auto Auction, Hatfield, Pa.; and Dallas Auto Auction, Grand Prairie, Texas

June 3 — A.D.E. of Alabama, Boaz, Ala.; Columbus Fair Auto Auction, Obetz, Ohio; South Seattle Auto Auction, Kent, Wash.; and Southern Auto Auction, Warehouse Point, Conn.

June 4 — Fredericksburg Auto Auction, Fredericksburg, Va.

June 5 — St. Louis Auto Auction, Bridgeton, Mo.

June 9 — American Auto Auction, Walpole, Mass.; Arena Auto Auction, Chicago; Hatfield Auto Auction, Hatfield, Pa.; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; and Golden Gate Auto Auction, Fremont, Calif.

June 10 — Southwest Auto Auction, Phoenix, Ariz.; Butler Auto Auction, Gibsonia, Pa.; and Minneapolis Auto Auction, Plymouth, Minn.

June 11 — Clanton's Auto Auction, Darlington, S.C.; Indianapolis Auto Auction, Indianapolis; and Northway Exchange, Clifton Park, N.Y.

Used Car Sales
Auction Averages

May to date	$5,871
Month ago	$5,832
Year ago	$5,143

Ford Motor Co.

June 2 — Indianapolis Auto Auction, Indianapolis

June 3 — Northway Auto Auction, Clifton Park, N.Y.; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Lakeland Auto Auction, Lakeland, Fla.; and Southern California Auto Auction, Fontana, Calif.

June 4 — Nashville Auto Auction, Nashville, Tenn.

June 9 — Harrisonburg Auto Auction, Harrisonburg, Va.

June 10 — Atlanta Auto Auction, Red Oak, Ga., and Concord Auto Auction, Acton, Mass.

June 11 — Arena Auto Auction, Chicago; Dallas Auto Auction, Dallas; and Bay Cities Auto Auction, Hayward, Calif.

June 17 — Lakeland Auto Auction, Lakeland, Fla., and Southern California Auto Auction, Fontana, Calif.

June 18 — Denver Auto Auction, Englewood, Colo.; Aptco Auto Auction, Taylor, Mich.; Minneapolis Auto Auction, Plymouth, Minn.; Skyline Auto Exchange, Fairfield, N.J.; and 166 Auto Auction, Springfield, Mo.

June 2[illegible] — South Seattle Auto Auction, Kent, Wash.

Model Breakdown
Auction Averages

	MAY 1987	APR 1987	MAR 1987
1987	$11,046	$13,266	$13,443
1986	$9,287	$9,460	$9,609
1985	$7,194	$7,236	$7,305
1984	$5,718	$5,732	$5,825
1983	$4,873	$4,842	$4,860
1982	$3,705	$3,727	$3,755
1981	$2,705	$2,635	$2,643
1980	$2,141	$2,170	$2,155
Overall Average	$5,871	$5,832	$5,829

June 24 — Columbus Fair Auto Auction, Obetz, Ohio, and Clanton's Auto Auction, Darlington, S.C.

June 25 — Baltimore-Washington Auto Exchange, Baltimore; Houston Predelivery Center, Houston; St. Louis Auto Auction, Bridgeton, Mo.; and Bay Cities Auto Auction, Hayward, Calif.

General Motors

June 2 — Southern Auto Auction, East Windsor, Conn.; Dallas Auto Auction, Dallas; and 166 Auto Auction, Springfield, Mo.

June 3 — Atlanta Auto Auction, Red Oak, Ga.; Clanton's Auto Auction, Darlington, S.C.; and Omaha Auto Auction, Omaha, Neb.

June 4 — Arena Auto Auction, Chicago; Ohio Auto Auction, Columbus, Ohio; and St. Louis Auto Auction, Bridgeton, Mo.

June 10 — Hatfield Auto Auction, Hatfield, Pa.; Indianapolis Auto Auction, Indianapolis; Metro Auto Auction, Kansas City, Mo.; Northstar Auto Auction, Shakopee, Minn.; and Brasher's Auto Auction, Fontana, Calif.

GM employees earn $14 million in perfect-attendance bonuses

DETROIT — About 277,000 of General Motors' 379,000 U.S. hourly employees have received first-quarter perfect-attendance awards of $50 each. The awards totaled $13.9 million.

GM's contract with the UAW provides attendance bonus payments of $50 for hourly employees with perfect attendance in any quarter. Perfect attendance in three quarters is worth $50 per quarter plus a special award of $150 for a total of $300. Perfect attendance for four quarters earns employees $50 per quarter and a bonus of $300 for a total of $500.

The program was negotiated in 1984 and went into effect Jan. 1, 1985. GM paid $132 million in perfect-attendance awards in 1986 and $125 million in 1985.

GM also said it paid increased retirement benefits totaling $1 million during April to 35,000 hourly and salaried persons who retired on or after Oct. 1, 1984, or to their surviving spouses.

The payments were made in accordance with GM's various pension plans.

Employees who retired prior to Oct. 1, 1984, had received lump-sum payments totaling $41 million as of December 1985 and $40 million more through December 1986.

During April, GM paid $181 million in retirement benefits to almost 300,000 retirees and surviving spouses.

AUCTION NEWS

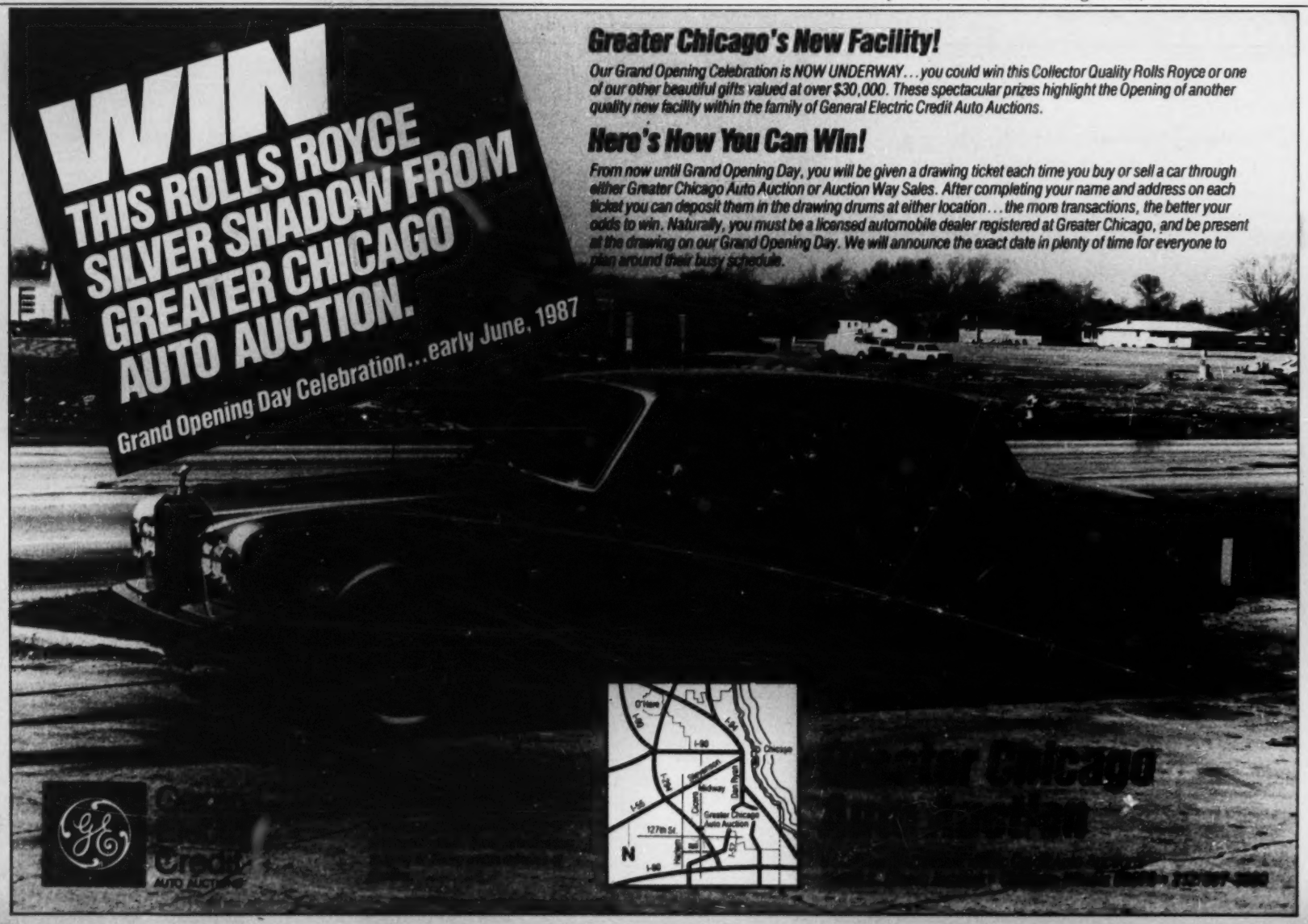
Lakeland Auto Auction's annual Marathon Eight Sale moved 67 percent of the 3,366 cars entered. Ford Motor Co. offered 845 cars and trucks and sold them all. The auto auction is in Lakeland, Fla.

The **Portland Auto Action**, Portland, Ore., co-owned by Don Kennedy and Roger Sheik, has been sold to General Electric Credit Auto Auctions Inc., of Chicago. The purchase included the company's headquarters, an 18-acre site on Hayden Island and a 10.5-acre site adjacent to the auction facility. A Spokesman for General Electric Credit, which owns 11 auto-auction facilities in the United States, said that William Tiedemann, sales manager for the Kennedy-Sheik facility, will be general manager and Kennedy's son, Brian, will be operations manager. Kennedy and Sheik have been operating the auction since 1965. Currently, the venture has 104 full-time and part-time employees. Approximately 700 cars are sold at each auction, the company said.

An auction will be held exclusively for fleet, lease and rental car administrators on the first Wednesday of every month at the **Greater Lansing Auto Auction** facilities in Dimondale, Mich.

Winnipeg Auto Auction Inc. has opened in Winnipeg, Manitoba. Michael B. Lawrence is president.

Forty-two students from 12 states graduated recently from the **Mendenhall School of Auctioneering**, High Point, N.C.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PRODUCTION

Memorial Day cuts output; 135,810 cars built for week

By Kathy Barbaglia
AUTOMOTIVE NEWS STAFF REPORTER

The Memorial Day holiday cut last week's scheduled auto production to 135,810, down 8.80 percent from the previous week's 148,911 and down 1.10 percent from the year-ago week's 137,316. The 1986 week also included the holiday.

So far this year, 3,264,474 cars have been assembled, 8.40 percent below the 3,563,683 completed last year at this point.

Companies split last week's targeted output as follows: General Motors, 50.05 percent; Ford Motor Co., 24.86 percent; Chrysler Motors, 15.54 percent; Honda of America Manufacturing Inc., 3.95 percent; New United Motor Manufacturing Inc., 2.21 percent; Nissan Motor Manufacturing Co., U.S.A., 1.74 percent; Volkswagen of America, 1.18 percent; and American Motors, 0.47 percent.

GM's Fiero plant in Pontiac, Mich., and its Willow Run, Mich., plant resumed production last week (May 26). Both had been idle for one week for inventory adjustment.

As previously reported, GM's Arlington, Texas, and Fairfax, Kan., plants remain down for model changeover.

No Saturday (May 30) overtime was slated for any GM car plants.

Ford scheduled Saturday overtime at its Kansas City, Mo., plant.

All Ford plants are slated for daily overtime this week (June 1).

Chrysler's Sterling Heights, Mich., plant was scheduled for Saturday overtime. That plant and the Newark, Del., and St. Louis (No. 1) facilities are scheduled for daily overtime this week.

Truck production dips to 66,884

Scheduled truck production dropped to 66,884 units last week because of plant closings on Memorial Day.

Last week's targeted output was 15.76 percent below the prior week's 79,397 and 8.44 percent below the year-ago week's 73,050.

Year-to-date, 1,586,337 trucks have been assembled, 2.90 percent more than the 1,541,679 built last year at this time.

General Motors slated Saturday (May 30) overtime at its Baltimore and Detroit plants.

All Ford Motor Co. plants are scheduled for daily overtime this week (June 1).

Big week for trucks in Canada

Last week, Canadian truckmakers' scheduled 19,002 units, their highest production since the week of June 21, 1986, when 19,807 trucks were built.

Estimated output last week was 28.26 percent more than the previous week's 14,815. That week included the Victoria Day holiday. Last week's total was 14.00 percent above the year-ago week's 16,668.

So far this year, 344,369 trucks have been assembled, 14.09 percent below the 400,865 completed last year at this point.

Carmakers scheduled output of 17,609 units last week, 26.06 percent more than the previous week's 13,969 but 20.70 percent below the year-ago week's 22,206.

Year-to-date, 346,303 cars have been produced, 29.90 percent below the 493,994 assembled last year at this ...e.

As reported earlier, General Motors' Oshawa (No. 2) plant in Ontario remains idle for model changeover. When the plant resumes output later this summer, it will assemble the new GM10 cars.

The Oshawa facility previously built the Chevrolet Celebrity.

U.S. CAR	Week Ended May 30, 1987	Week Ended May 31, 1986	Week Ended May 23, 1987	Day	Jan. 1 to May 30, 1986	Jan. 1 to May 30, 1987
AMERICAN MOTORS	640	1,633	870	3,601	22,225	14,847
Renault Total	640	1,633	870	3,601	22,225	14,847
Alliance	640	1,459	870	3,601	19,484	14,847
Encore	0	174	0	0	2,741	0
CHRYSLER MOTORS	21,100	22,798	22,812	85,529	586,353	494,827
Plymouth Total	4,000	7,643	5,042	22,237	174,400	155,427
Horizon	0	3,427	0	0	67,617	32,997
Sundance	1,800	0	1,654	7,880	0	45,411
Reliant	2,000	2,989	2,116	9,049	79,312	61,417
Caravelle	850	878	1,104	4,430	23,949	23,968
Gran Fury	150	480	168	899	7,122	1,634
Chrysler Total	8,000	9,570	8,667	38,392	198,683	188,304
Laser	0	672	0	0	22,183	0
LeBaron K	1,200	1,883	1,521	6,197	51,194	36,352
LeBaron J	4,400	0	3,254	15,283	0	49,975
LeBaron GTS	900	645	795	3,842	27,177	18,400
N. Yorker/E-Class	1,200	1,037	1,666	6,509	40,111	36,967
Fifth Avenue	1,300	2,332	1,431	6,562	58,018	16,610
Dodge Total	7,200	8,576	8,303	34,900	223,270	181,096
Daytona	1,300	983	1,624	6,660	22,826	23,577
Omni	0	2,676	0	0	66,357	28,353
Shadow	2,200	0	1,959	9,343	0	44,893
Aries	2,100	2,520	2,805	11,126	57,376	48,751
Dodge 600	800	1,094	986	3,925	36,998	21,224
Lancer	500	422	535	2,398	24,892	11,699
Diplomat	300	901	394	1,450	14,821	2,619
FORD MOTOR	33,788	29,708	40,819	164,264	789,548	840,864
Ford Division	24,415	19,463	29,668	118,428	539,955	589,004
Escort	7,334	6,381	9,174	34,561	172,111	157,350
Mustang	3,682	3,022	4,563	18,156	82,956	86,005
Tempo	3,711	3,530	3,988	16,949	85,409	88,949
Taurus	6,335	4,484	7,840	31,606	119,039	186,742
Thunderbird	3,373	2,046	4,123	17,157	73,852	69,686
L-M Division	9,353	10,245	11,151	45,836	249,593	251,860
Mercury Total	6,087	7,304	7,051	28,450	170,335	173,575
Lynx	196	1,179	283	1,086	28,332	19,107
Capri	0	525	0	0	6,851	0
Topaz	1,568	814	1,472	6,585	28,690	26,810
Cougar	2,240	2,804	2,723	11,402	52,349	68,602
Sable	2,081	1,982	2,593	10,376	56,056	59,056
Lincoln Total	3,266	2,941	4,100	16,386	79,258	78,285
Continental	327	326	407	1,644	8,958	7,843
Lincoln	2,451	2,207	3,074	12,291	59,451	58,714
Mark VII	488	408	619	2,451	10,849	11,728
GENERAL MOTORS	87,974	74,573	89,598	303,385	1,939,571	1,605,397
Buick Total	11,056	14,475	12,420	43,868	330,997	253,424
Skyhawk	246	1,469	234	544	38,112	14,257
Century	2,946	4,387	3,767	13,907	108,785	80,139
Regal	958	1,772	954	4,485	25,419	19,419
Somerset/Skylark	912	2,119	1,106	4,679	44,515	31,923
LeSabre (fwd)	3,840	2,701	3,652	11,817	51,610	51,601
LeSab./Elec. (rwd)	60	256	20	175	6,189	4,364
Electra (fwd)	1,914	1,301	2,419	7,272	45,574	43,905
Riviera	192	471	238	986	10,493	7,280
Cadillac Total	4,238	6,838	5,470	21,844	143,080	130,314
Cimarron	124	517	183	708	11,774	6,651
Allante	124	0	132	528	0	1,528
Brougham (rwd)	980	2,174	1,139	6,372	39,383	33,896
DeVille (fwd)	2,160	3,282	2,912	9,943	72,842	70,046
Eldorado	457	435	585	2,221	10,281	7,860
Seville	413	450	522	1,960	8,630	10,334
Chevrolet Total	29,850	22,109	28,852	124,498	617,604	612,343
Chevette	0	1,611	0	0	48,740	0
Camaro	2,100	3,806	2,456	9,206	92,079	44,957
Cavalier	7,549	7,096	7,628	32,021	184,575	156,717
Celebrity	8,000	4,436	8,123	33,903	126,804	150,985
Corsica/Beretta	7750	0	6246	26,220	0	114,951
Monte Carlo	1,900	1,736	1,826	7,980	68,346	32,849
Chevrolet	1,720	2,905	1,899	12,474	101,148	90,040
Corvette	840	519	832	2,695	11,909	12,845
Oldsmobile Total	11,111	16,239	11,432	56,879	465,756	301,048
Firenza	332	412	165	582	20,871	3,903
Calais	2,928	1,616	3,518	14,427	66,412	53,309
Cutlass Ciera	2,120	3,890	2,566	14,856	117,286	76,066
Cutlass Supreme	936	1,536	1,150	6,449	74,921	30,496
88 (fwd)	3,270	6,508	2,136	12,235	147,386	85,757
88 (rwd)	360	208	369	1,858	9,731	8,111
Olds 98	732	1,467	671	3,562	51,636	32,004
Toronado	413	363	326	2,106	7,553	7,714
Pontiac Total	11,918	14,912	11,474	57,296	362,154	308,269
Acadian*	0	678	0	0	7,696	0
Fiero	0	1,185	0	2,376	33,728	18,089
1000	0	1,075	0	0	13,536	0
Firebird	1,803	2,140	1,730	6,346	40,304	34,267
2000 Sunbird	1,880	2,665	2,254	9,074	61,990	46,587
Grand Am	4,200	3,713	5,300	20,000	96,699	100,000
6000	1,738	2,851	2,160	8,602	63,245	38,081
Bonneville	2,488	0	0	9,361	0	60,351
Safari/Parisienne	0	705	0	516	33,650	4,848
HONDA	5,360	3,376	5,823	28,439	79,588	127,614
Civic	2920	0	4238	8,214	0	44,540
Accord	2,840	3,376	3,587	17,804	79,588	83,274
NISSAN	2,368	0	3,007	11,900	21,617	58,851
NUMMI	3,600	3,600	4,005	19,133	76,708	80,388
Corolla	800	0	805	3,345	0	16,441
Nova	2,800	3,600	3,200	15,788	76,708	63,947
VOLKSWAGEN	1,600	1,628	2,008	6,159	58,203	31,480
Audi	1,400	1,628	1,779	4,359	58,203	28,633
Jetta	200	0	229	799	0	2,847
Total Cars, U.S.	135,810	137,316	148,911	627,289	3,563,683	3,264,474
Total Cars, Canada	17,609	22,206	13,969	63,336	493,994	346,303
U.S. American Cars	133,410	129,302	142,860	595,548	4,057,677	3,610,772
U.S. Am. Trucks	66,884	69,716	84,312	285,294	1,942,544	1,933,706
North American Cars and Trucks	218,303	221,224	241,141	944,178	6,000,221	5,541,481

CANADIAN CAR	Week Ended May 30, 1987	Week Ended May 31, 1986	Week Ended May 23, 1987	Day	Jan. 1 to May 23, 1986	Jan. 1 to May 30, 1987
AMERICAN MOTORS	100	0	87	361	2,485	2,459
FORD MOTOR	11,100	11,467	8,964	44,918	239,042	224,706
GENERAL MOTORS	5,705	10,514	4,497	15,858	247,896	112,394
HONDA	350	0	241	1,282	0	2,149
VOLVO	225	225	180	900	4,881	4,411
Total Cars, Canada	17,609	22,206	13,969	63,336	493,994	346,309

U.S. TRUCK*	Week Ended May 30, 1987	Week Ended May 31, 1986	Week Ended May 23, 1987	Day	Jan. 1 to May 23, 1986	Jan. 1 to May 30, 1987
CHEVROLET	18,238	20,271	23,234	92,548	523,484	470,002
DODGE	6,500	2,028	6,304	26,251	17,405	108,271
FORD	27,248	28,449	32,047	128,532	681,982	640,406
GMC	8,950	5,588	7,654	33,612	155,809	169,374
ISUZU	1,184	1,319	1,483	6,268	32,328	31,696
JEEP	3,609	2,421	4,172	17,651	82,695	91,272
NISSAN	1,416	3,055	1,773	7,157	46,284	26,112
SUZUKI	468	88	490	1,990	1,072	4,207
MISCELLANEOUS*	2,330	2,000	2,388	9,669	46,000	46,000
Total Trucks, U.S.	66,884	72,000	79,207	323,074	1,541,679	1,586,337

CANADIAN TRUCK*	Week Ended May 30, 1987	Week Ended May 31, 1986	Week Ended May 23, 1987	Day	Jan. 1 to May 23, 1986	Jan. 1 to May 30, 1987
AMERICAN MOTORS	750	631	805	3,468	8,703	13,681
CHRYSLER	8,494	8,201	7,027	31,882	164,288	174,442
FORD	3,648	3,648	2,824	11,539	75,544	68,223
GENERAL MOTORS	6,665	6,677	4,370	20,382	95,911	89,000
JUNTAN	215	211	183	848	4,319	4,321
Total Trucks, Canada	19,002	18,668	14,215	68,119	400,865	344,369
U.S. Am. Trucks	66,884	69,716	84,312	285,294	1,942,544	1,933,706

Early Regals to be put in rental fleets

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

LANSING, Mich. — The first batch of all-new Buick Regals will go to dealers and daily rental companies for evaluation.

Edward H. Mertz, Buick general manager, said he hopes about 500 Regals will be available in midsummer for dealers and their preferred customers to test drive before the cars officially go on sale Oct. 1. Another 500 will then go to daily rental fleets for feedback and exposure to the public.

The approach is similar to that used by Chevrolet to introduce Corsica and Beretta. As the assembly plants slowly accelerated production, Chevrolet got the initial 10,000 to dealers — who used them as service rentals — and to daily rental companies.

The new Regal is the first of the GM10 cars, the front-wheel-drive mid-sized cars which replace the previous rear-wheel-drive Regal, Pontiac Grand Prix, Oldsmobile Cutlass Supreme and Chevrolet Monte Carlo.

The Pontiac Grand Prix and Oldsmobile Cutlass Supreme will be introduced next spring. The Chevrolet version of the GM10 debuts in 1988.

Mertz said the new Regal is expected to draw the higher demographic buyers of the previous Regal. It will be positioned in marketing and price between Century and LeSabre, Mertz said. The two-door Century has a base price of $11,003 and the two-door LeSabre has a base price of $13,616.

U.S. engines eyed by Mazda; Ford is key

By Louise Kertesz
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Mazda Motor Mfg. (USA) Corp. could consider U.S. production of engines for cars built its new Flat Rock, Mich., plant if Mazda were to share a common engine with Ford Motor Co.

Osamu Nobuto, president of Mazda's U.S. manufacturing arm, told the Detroit Auto Writers Group last week that a volume of 500,000 units is necessary for engine production to be cost-effective. When full production is reached at the Flat Rock plant in the fall of 1988, it will build 240,000 vehicles, half of them for Ford.

Nobuto said previously that Mazda might consider U.S. production of engines.

About 1,200 workers are now running pilot production at Flat Rock. The plant will eventually employ 3,500 workers on two shifts.

The plant will initially build the next-generation Mazda 626. Beginning next year, it will add a version that will be marketed by Ford.

Asked the status of contract negotiations with the UAW, Nobuto said that "timing has not been clearly established" for submitting the question of union representation to the workforce. He said he expects workers will be approached sometime after the start of production in September.

Nobuto said that former UAW members make up 10 percent of the plant's current workforce, selected from a pool of about 100,000 applicants.

Automotive News

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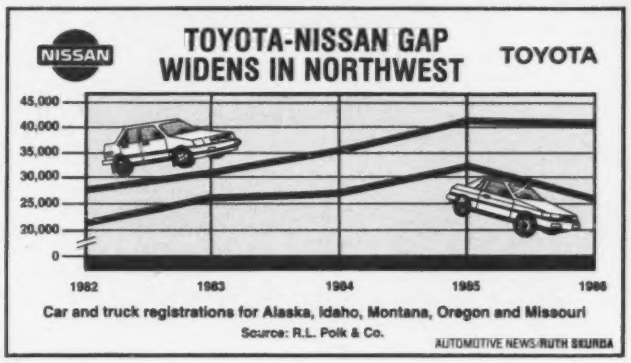
Dealers rip tactics at Nissan

Northwest retailers claim strong-arming

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER



Car and truck registrations for Alaska, Idaho, Montana, Oregon and Missouri
Source: R.L. Polk & Co.
AUTOMOTIVE NEWS/RUTH SKURDA

Nearly a dozen former Nissan dealers in the Pacific Northwest say they were forced out of business in the last three years by unfair Nissan tactics — including short inventories, pressure to relocate dealerships or build new facilities, and intimidation by manufacturer representatives.

Nissan dealers elsewhere say they, too, were pressured to relocate and replace aging facilities or lose their franchises — as Nissan sought to upgrade its dealer body in the face of growing competitive pressure from other Japanese importers. But that pressure apparently didn't compare with the tactics used in the Pacific Northwest.

"These were some of the oldest dealers in the country," recalled a former Nissan manager in the Portland region, which includes Washington, Montana, Idaho, Oregon, Alaska and part of Nevada. "Nissan was being chewed up by Subaru, Toyota and even Mazda. There wasn't a warm pulse in the Portland region. Sales had to improve."

But it was the way Nissan chose to boost its sales that came to light last month when one Portland region dealer, whose franchise was terminated by Nissan in March, filed suit in federal court and wrote to his 1,100 fellow Nissan dealers inquiring about how Nissan might have pressured them. As for the Portland region, dealers interviewed by Automotive News — dealers not involved in litigation — tell tales of woe and heavy-handedness on the part of Nissan.

By most accounts, the Portland region situation has improved since personnel changes in the last nine months, but the case of what transpired there between the spring of 1984 and the end of 1986 provides a rare glimpse into what can happen when a manufacturer pushes hard — maybe too hard — to upgrade its retail outlets in the face of heavy competition and the fallout on individual dealers.

To piece together the story, Automotive News interviewed more than 25 people, including dealers in Washington, Oregon, California, Montana, Idaho and the District of Columbia, and several past and present Nissan officials. But current Nissan executives declined to respond specifically to charges by the Portland region dealers because of the pending lawsuit.

The irony in the case is that Portland appeared to be one of Nissan's U.S. success stories. A decade ago Nissan even outsold Toyota in the region — something it couldn't do nationally. But that trend began to erode as Toyota and other Japanese importers opened new dealerships in prime locations in the re-

see NISSAN, page 64

Sales decline 18%; imports, domestics share steep fall

By Roger Rowand
AUTOMOTIVE NEWS STAFF REPORTER

DOMESTIC CAR SALES FALTER IN 1987

	1987	1986	% Change
Jan.	427,678	535,904	−32.74
Feb.	556,953	612,632	− 9.09
Mar.	682,117	649,351	+ 5.05
Apr.	691,803	719,563	− 3.86
May	622,303	786,268	−20.85

New-car sales continued to slump in May. Retail deliveries were off almost 18 percent from last year and were the poorest for any May since 1982.

The falloff left few makers or market segments unscathed, and it came in a prolonged period of frenetic marketing effort that includes reduced finance rates and cash-back offers.

May sales of domestic and imported cars totaled 882,817 units, down 17.69 percent from 1,072,537 in May 1986.

In May 1982, industry sales totalled 773,864 cars.

Domestic sales in May this year were 622,303 units, off 20.85 percent from 786,268 sold a year ago.

There were 260,514 imported cars sold in May this year compared with 286,269 last year, a dip of 9.0 percent.

The selling rate in May this year averaged 24,892 units per day compared with 30,241 a day a year earlier.

On an annualized basis, a Ford researcher said, the sales rate for cars in May was 9.8 million units — 6.8 million domestics and 3.0 million imports. In May 1986, the seasonally adjusted annualized sales rate for the industry was 11.5 million units — 8.4 million domestics and 3.1 million imports.

American Motors had a sales decline of 43.65 percent in May; General Motors was down 33.94 percent; and Chrysler Motors was off 24.94 percent. Ford Motor Co., which has enjoyed a long string of gains, said May sales were off 3.63 percent.

Nissan sales rose to 14,923 units from 943 a year earlier when its U.S. car plant was down for model changeover.

Honda had a gain of 61.20 per-

see SALES, page 67

BMW to limit growth in U.S. after long rise

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

MUNICH, West Germany — BMW has decided to limit growth in its single most important export market — the United States — despite the recent addition of badly needed production capacity.

The new strategy is being invoked after a dozen-year span in which BMW sales have increased some 500 percent in the United States.

Gunter Kramer, BMW sales and marketing chief, also predicted a flat year or a slight downturn in the U.S. luxury/performance market in 1987, but he said the segment will expand 25 percent by 1993.

Though a new plant in the Bavarian city of Regensberg was brought on line last fall, Kramer expects BMW production to increase by an average of less than 5 percent annually during the next six years.

He outlined a sales growth pattern that would bring BMW output in 1993 to about 550,000 units, which is lower than the current level for arch-rival Daimler-Benz.

"We certainly will not have a

see BMW, page 66

KNUT MOBERG

U.S. automakers are pushing to sell their North American-built products overseas. Chrysler LeBaron, Buick LeSabre and Ford Taurus are shown at the Holmenkollen ski jump in Oslo, Norway

EXPORTS: *U.S. makers embrace a neglected field: Selling their cars in overseas markets*

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

U.S. automakers, who over the years have shown little lasting spirit for the export side of the business, are once again making a push to sell their North American-built products overseas.

The effort itself is nothing new. U.S. car companies have traditionally driven into international markets on the back of a weak dollar and withdrawn whenever a strong U.S. currency makes their products too expensive. But this time, company and industry observers say, the Big Three appear poised to make a longer commitment to exporting.

The center for their combined activities is Europe. General Motors, while hoping to revive its export sales there, is taking steps to eliminate the peaks and valleys that have marked its record in the past. Ford Motor Co. will begin rebuilding its network by appointing distributors in six European countries. And

see EXPORTS, page 63

Incentive maze a big puzzle for dealers, buyers

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

In their effort to boost sales, domestic automakers have managed to confuse customers and dealers by constantly extending, sweetening and shuffling incentives.

"It's just as confusing to the office as it is to the sales personnel, and if the girl in the office forgets that the incentive has been changed, you might lose hundreds of dollars," said Martin Sullivan, president of M.J. Sullivan Chevrolet, New London, Conn.

Dealers contacted by Automotive News said the proliferation of incentives during the last four months has made buyers disinterested in and confused about the sales gimmicks. But some dealers said that sales may slide if incenitives are eliminated.

"I try to challenge the customers by saying 'This incentive ends tommorow,'" said Gene McHarris, a salesman at Avis Ford, Southfield, Mich. "But they say: 'You'll have an incentive when I'm ready to buy.' There's no great need to buy right now."

Sales numbers reflect that wait-and-see attitude. Domestic new-

see INCENTIVES, page 67

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Chrysler to invest $200 million in Kenosha Page 3
Group asks recall of 50,000 school buses Page 4

Kenosha getting $200 million for Omni/Horizon

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

Chrysler Motors announced it plans to invest $200 million in American Motors' plant in Kenosha, Wis., to prepare for expected production of Omni/Horizon models this fall.

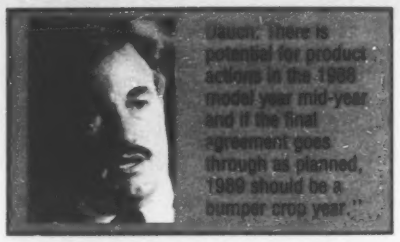
Meanwhile, Chrysler Motors will complete its review of AMC's car and truck lines and powertrains within six months, but expects to make no product changes at the start of the 1988 model year.

Richard E. Dauch, Chrysler Motors executive vice president — manufacturing, said, however, that "product actions" could occur midway in the 1988 model year as a result of the proposed acquisition. He declined to specify. Chrysler expects to complete its takeover of AMC by Aug. 15.

Dauch, in an interview, said Chrysler's product programs have not been placed on hold as a result of the pending acquisition.

"Chrysler Motors' product programs are on full green-light go," Dauch said. "What has to be done is a rationalization review of trucks, cars and powertrains. They have four-cylinder engines. They have six-cylinder engines. Why would we duplicate all those things? There has to be some rationalization.

"Certainly there is nothing we can do as it relates to the 1988 start of production," Dauch said. "Obviously, the big thrust would be in 1989. That does not preclude something in the midyear. There is potential for product actions midway in the 1988 model year, and if the final agreement goes through as planned, 1989 should be a bumper crop year."


Dauch: There is potential for product actions in the 1988 model year mid-year and if the final agreement goes through as planned, 1989 should be a bumper crop year."

Dauch said that the Omni/Horizon America subcompacts will go back into production in September at the AMC Kenosha, Wis., assembly plant if remaining "loose items" are finalized within 20-30 days.

Dauch said 120,000 to 130,000 L-body subcompacts will be produced annually if plans to use the Kenosha plant are finalized. Chrysler sold 208,726 Omni and Horizon units in 1986. The cars were taken out of production at the Belvidere, Ill., assembly plant in March to make way for Dodge Dynasty and Chrysler New Yorker Brougham.

"We will be short for the market needs," Dauch said of the subcompacts. "We know we can sell more than that. But we also know the consumer wants the M-body."

Chrysler is building the M-body Chrysler Fifth Avenue, Dodge Diplomat and Plymouth Gran Fury under contract at the Kenosha assembly plant, which has an annual capacity of about 235,000. A second M-body shift will be launched at the end of the month, boosting production from 366 units daily to nearly 600. If the L-body is added, daily production is expected to be 950 cars.

The subcompact Renault Alliance is built in Kenosha. The Alliance has been considered vulnerable because of the success of the America subcompacts.

JIM KENZIE PHOTOS

In six days, Milton Honda attracted 10,000 people and called it . . .

Honda deal offers real incentive: A lion tamer complete with lion

By Jim Kenzie
STAFF CORRESPONDENT

MILTON Ontario — This small town west of Toronto recently witnessed an unusual car dealership promotion: Baron Julius von Uhl presented his lion-taming act in the parking lot of Milton Honda.

The Florida-based baron — "If I'd made up the name, I would have made myself at least a count!" — had been stranded in Canada after a deal with a circus fell through.

Stuck at a truck stop with neither gas for his truck nor funds to buy any, the baron was directed to Milton Honda's Peter Duffus, who in his 10 months in business has developed a reputation for crazy promotions.

An agreement was reached over lunch, and the baron conducted three shows daily for six days.

. . . a roaring success

Popcorn and balloons for the kiddies were added attractions.

"It drew over 10,000 people through the store," said Duffus. "I have put the baron in touch with other Honda dealers in southern Ontario, and he is also appearing at shopping malls in the area before heading to Quebec for his regular summer tour."

AMC discloses separation pay

By Laura Clark and Edward Lapham
AUTOMOTIVE NEWS STAFF REPORTERS

American Motors officials expect the company to report a full year of profits and a "blockbuster fourth quarter" just as it is being integrated into Chrysler Corp.

Top AMC executives told bonus-roll employees that second quarter profits will nearly equal the $23 million AMC earned in the first quarter. They said AMC will be in the black for the third quarter and will have a strong fourth quarter when its 1988 intermediate Renault Premier debuts.

AMC has not shown a full-year profit since 1984 when its 12-month net income was $15.5 million.

AMC said last week that it will provide separation benefits to its employees who are hired by Chrysler but later lose their jobs because of the merger.

AMC employees who are hired by Chrysler but lose their jobs before Jan. 1, 1989 — other than for cause — will be entitled to the same separation benefits as those employees not hired by Chrysler.

Options for the AMC salaried employees were detailed in a six-page Salaried Employee Retention Program bulletin distributed to all eligible employees last week. The employee plan, along with Chrysler's $4.50-per-share bid for the automaker, was approved by AMC's board of directors on May 20.

Under the plan, AMC salaried employees not retained by Chrysler will receive two weeks' to one year's salary.

Employees could lose all separation benefits if they reject a "comparable" job at Chrysler or if they are retained and leave the company voluntarily before Jan. 1, 1989.

All AMC salaried employees are eligible for the program except those covered by union contracts plans and those working for AMC subsidiary companies with independent benefit packages. An AMC spokesman said separation packages for the company's officers — including AMC President Joseph Cappy — will be detailed in the AMC proxy statement that is due to be issued in 35 to 45 days.

Under the plan, management employees with 10 years of service will receive four months' salary for a year of service or less, five months' salary for two years and six months' salary for three to 10 years. For 11 to 20 years' service, they receive 60 percent of a month's salary per year of service for a maximum of one year's salary for 20 years' service.

Administrative employees receive 60 percent of a month's salary per year of service up to a maximum of one year's salary for 20 years' service.

Richard Calmes, AMC vice president of personnel and industrial relations, said the sliding scale favored less-senior management over administrative employees because of the low availability of those kinds of positions in other companies and the longer job search that may be required.

Bonus-roll employees will be guaranteed one year's salary regardless of service history.

An early-retirement option will be available to employees who are at least 55 years of age and have 10 years of service, or employees of any age with 30 or more years of service.

Group health insurance benefits will continue up to 24 months for terminated employees with 10 or more years of service, up to 12 months for those with one to nine years of service and up to two months for those with six months to one year of service.

Although several AMC executives interviewed by Automotive News last week said they considered the plan generous, there was some concern about the types of jobs AMC employees would be offered by Chrysler.

"A lot of people are worried that they'll be offered jobs that they don't find interesting," one bonus-roll employee said, because Chrysler has more specialized employees who do not have the wide-ranging responsibilities of persons in the leaner AMC organization.

"I figure our sphere of responsibility is 50 percent more than what you'd find in comparable positions at Chrysler," another executive said.

The letter did not specify how many employees Chrysler will retain or which AMC departments will suffer the heaviest cuts. However, AMC President Joseph Cappy told employees in the letter that some of AMC's operations will be relocated or terminated under the merger, while others will be unaffected.

In other news, four AMC shareholders have filed three class-action lawsuits demanding that a U.S. District Court review the sale price of AMC. The suits were filed in the U.S. District Court, Southern District of New York.

An AMC spokesman said that shareholder lawsuits are common in corporate acquisitions and that AMC does not expect the lawsuits to delay the acquisition of the company by Chrysler.

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Truck executives to address World Congress

Ford Motor Co. and Navistar International Transportation Corp. accounted for 29.8 percent of new-truck sales in the United States in 1986.

In piling up 1,381,438 sales, Ford led all manufacturers in light trucks (Classes 1-3) and nosed out Navistar in Class 7.

Navistar, whose sales totaled 71,022 units last year, was No. 1 in the Class 8 heavy segment.

The top executives of those heavy-hitting truck operations will speak at the 12th Annual Automotive News World Congress, to be held July 26-29 at the Hyatt Regency Hotel in Dearborn, Mich.

This year's Congress theme is "Facing Up to Competitive Times."

Edward E. Hagenlocker, vice president of Ford Motor Co. and general manager of Ford Truck Operations, will speak in a general session at 10:30 a.m. Monday, July 27. That day's Congress theme will be "Recoveries and Strategies for the Domestic Industry."

Neil A. Springer, chairman, president and chief executive officer of Navistar International Transportation Corp., will address a general session at 10:30 a.m. Wednesday, July 29, when the daily theme will be "Coping With Change." His topic will be "The Future of the Heavy Truck Industry and the Reshaping of Navistar."

Prior to being named head of Ford Truck Operations in June 1986, Hagenlocker was director-president of Ford of Brazil.

He joined Ford as a research scientist in 1964 and has held engineering management positions with the Product Development Group, Chassis Division, Body and Electrical Product Engineering, Climate Control Division and Truck Operations.

Springer was elected to his present position on April 1, 1987.

Navistar is the North American market-share leader in combined medium and heavy-duty truck sales and is a producer of diesel engines.

Springer started his career in 1960 with International Harvester Co., Navistar's predecessor, at a truck assembly plant in Fort Wayne. He became vice president-general manager of heavy-duty trucks in December 1979, holding that position until July 1981 when he assumed responsibility for all North American truck operations. He became president of the Truck Group in August 1982.

This year's World Congress will have more than 30 speakers, sharing their knowledge and viewpoints on where the car and truck industry stands today and where it is headed.

For further information, write: Automotive News World Congress, 1400 Woodbridge Ave., Detroit, Mich. 48207, or call (313) 446-6047. Overseas inquiries cable: 810-221-5122 AUTNEW.